

GOVERNMENT OF THE DISTRICT OF COLUMBIA

Department of Health Care Finance



Testimony of

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Director

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Council of the District of Columbia

Committee on Health

**Hearing for the Medicaid Benefits Protection Act of 2010**

May 3, 2010

4:00 PM

John A. Wilson Building

1350 Pennsylvania Avenue, NW

Washington, DC 20004

Good afternoon Chairman Catania and members of the Committee on Health, my name is Julie Hudman, and I am Director of the District's Department of Health Care Finance (DHCF). Established as a cabinet-level agency on October 1st, 2008, DHCF operates the Medicaid and Alliance programs, thereby providing health coverage to 215,000 District residents. One-third of District residents and 60 percent of District children receive health coverage from the Department of Health Care Finance.

Since the Department's creation, DHCF has built a strong foundation serving District residents and maximizing District and Federal resources. My testimony today supports Bill 18-674 the "Medicaid Benefits Protection Amendment Act of 2010." This federally-mandated piece of legislation will assist DHCF to build upon this foundation and fulfill our agency mission, *of improving health outcomes by providing access to comprehensive, cost-effective, and quality health care services for residents of the District of Columbia.*

As a result of the federal "Deficit Reduction Act of 2005," this piece of legislation was originally introduced in Council Period 17 but was not moved by the Committee on Health due to competing legislative priorities. Today, the District stands beside Puerto Rico as the only jurisdictions that have yet to pass this required legislation and the Centers for Medicare and Medicaid Services have indicated that our federal funding may be in jeopardy if we fail to act. I am pleased that the Committee has shown interest in this matter in the current Council Period and is positioned to move forward with this federal requirement.

Bill 18-674 requires health insurers that are legally responsible for the payment of a claim for a health care item or service to provide, as a condition of doing business in the District, information about individuals who were eligible for medical assistance. In short, this

legislation promotes Medicaid's role of being the payer of last resort and is a key component in maintaining a responsible budget.

This legislation affects third party liability cost avoidance and reimbursement as well as other programmatic responsibilities of the Department of Health Care Finance. In particular, provisions of the bill require insurers to provide the District with coverage and eligibility data needed to identify potentially liable third parties, to honor the assignment of a Medicaid recipient's right to payment by such insurers for health care items or services, and to refrain from denying payment of claims submitted by Medicaid based on procedural reasons.

The basic underlying concept behind this legislation is that Medicaid, by law, is intended to be the payer of last resort. Therefore, all other available third party resources must meet their legal obligations to pay claims before the Medicaid program pays for the care of an individual eligible for Medicaid. In order to avoid paying costs that are obligated to third parties, or to receive reimbursement for these costs, DHCF maintains a third party liability unit within our Office of Program Integrity.

This unit has a streamlined process for making claims for reimbursement from insurers for health care assistance the District has provided, which is legally obligated to a third party. The "Medicaid Benefits Protection Amendment Act of 2010" will only enhance this process, by creating mandatory requirements for insurers to respond to District inquiries and to regularly report health care assistance the District has provided to an individual covered by the insurer. These enhancements will allow the District to successfully claim reimbursement from all insurers for health care assistance the District has provided. DHCF expects to see moderate

savings from this legislation, and although precise estimates are difficult to make at this time, we may be able to recover between 100 and 200 thousand dollars per month over and above current reimbursement. Bill 18-674 will therefore enable any revenues generated from the reimbursement to be reinvested into the publicly funded health care programs in the District and thereby preserve these programs for low-income residents.

As you know, the District faces a budget shortfall and DHCF did our part to reduce spending District wide by presenting a responsible local budget that is 3% below our FY10 local budget, without reducing Medicaid or Alliance eligibility or making significant service cuts. We welcome all resources and strategies that will allow us to proceed with these goals. We are happy to work with you, Chairman Catania, and other members of the Committee and the Council to best use all relevant health care resources, to help strengthen health care access for each and every resident of the District. Thank you for this opportunity to testify, and I am happy to answer any questions you may have on this legislation.